

SENATE BILL NO. 14

INTRODUCED BY E. STONINGTON

A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING THE GENERAL FUND SHORTFALL IN REVENUE BY REVISING TRANSFERS OF FUNDS TO THE RESEARCH AND COMMERCIALIZATION STATE SPECIAL REVENUE ACCOUNT; AMENDING SECTION 15-35-108, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-35-108, MCA, is amended to read:

"15-35-108. (Temporary) Disposal of severance taxes. Severance taxes collected under this chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:

(1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.

(2) Twelve percent of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.

(3) The amount of 8.36% must be credited to an account in the state special revenue fund to be allocated by the legislature for local impacts, county land planning, provision of basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

(4) The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses, must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

(5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable

1 resource loan debt service fund.

2 (6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art
3 in the capitol and for other cultural and aesthetic projects. Income from this trust fund, excluding unrealized gains
4 and losses, must be appropriated for protection of works of art in the state capitol and for other cultural and
5 aesthetic projects.

6 (7) (a) Subject to subsections (7)(b) and (7)(c), all other revenue from severance taxes collected under
7 the provisions of this chapter must be credited to the general fund of the state.

8 (b) The interest income from \$140 million of the coal severance tax permanent fund that is deposited
9 in the general fund is statutorily appropriated, as provided in 17-7-502, on an annual basis as follows:

10 (i) \$65,000 to the cooperative development center;

11 (ii) \$1.25 million for the growth through agriculture program provided for in Title 90, chapter 9;

12 (iii) to the department of commerce:

13 (A) \$125,000 for a small business development center;

14 (B) \$50,000 for a small business innovative research program;

15 (C) \$425,000 for certified communities;

16 (D) \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman;

17 and

18 (E) \$300,000 for export trade enhancement;

19 (iv) \$350,000 to the office of economic development for business recruitment and retention; and

20 (v) \$600,000 to the department of administration for the purpose of reimbursing tax increment financing
21 industrial districts as provided in 7-15-4299. Reimbursement must be made to qualified districts on a proportional
22 basis to the loss of taxable value as a result of Chapter 285, Laws of 1999, and as documented by the
23 department of revenue. This documentation must be provided to the budget director and to the legislative fiscal
24 analyst. The reimbursement may not be used to pay debt service on tax increment bonds to the extent that the
25 bonds are secured by a guaranty, a letter of credit, or a similar arrangement provided by or on behalf of an owner
26 of property within the district.

27 (c) ~~Beginning~~ For the fiscal year beginning July 1, 2001, there is transferred ~~annually~~ from the interest
28 income referred to in subsection (7)(b) \$4.85 million to the research and commercialization state special revenue
29 account created in 90-3-1002. Beginning July 1, 2002, there is transferred annually from the interest income
30 referred to in subsection (7)(b) \$4,365,000 to the research and commercialization state special revenue account

1 created in 90-3-1002. (Terminates June 30, 2005--sec. 10(2), Ch. 10, Sp. L. May 2000.)

2 **15-35-108. (Effective July 1, 2005) Disposal of severance taxes.** Severance taxes collected under
3 this chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:

4 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article
5 IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under
6 17-6-203(6) and invested by the board of investments as provided by law.

7 (2) Twelve percent of coal severance tax collections is allocated to the long-range building program
8 account established in 17-7-205.

9 (3) The amount of 8.36% must be credited to an account in the state special revenue fund to be
10 allocated by the legislature for local impacts, county land planning, provision of basic library services for the
11 residents of all counties through library federations and for payment of the costs of participating in regional and
12 national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of
13 the allocation may be made only from this account. Money may not be transferred from this account to another
14 account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be
15 deposited in the general fund.

16 (4) The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks
17 acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses,
18 must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas
19 described in 23-1-102.

20 (5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable
21 resource loan debt service fund.

22 (6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art
23 in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding
24 unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other
25 cultural and aesthetic projects.

26 (7) All other revenue from severance taxes collected under the provisions of this chapter must be
27 credited to the general fund of the state."

28

29 **NEW SECTION. Section 2. Effective date.** [This act] is effective on passage and approval.

30

NEW SECTION. **Section 3. Retroactive applicability.** [This act] applies retroactively, within the
meaning of 1-2-109, to transfers in the fiscal year beginning July 1, 2002.

- END -